(II) ADVANCES

Size of Credit Limit	Old Rates		New Rates
	Term Loans	All other Advances	(Effective 18.10.1994 All Advances including term loans)
(A) Upto and inclusive of Rs. 25,000/- . .	12.0	12.0	12.0
(B) Over Rs. 25,000/- and upto Rs. 2 lakhs .	14.0	15.0	13.5
(C) Over Rs. 2 lakhs	14.0 (minimum)	15.0 (minimum)	Free

The interest on savings deposits was reduced taking into account that a large proportion of savings deposit accounts are utilised essentially as current accounts and depositors are able to get high rate of interest on term deposits and that the savings deposite rate was needed to better reflect the nature of such accounts. The interest rate on Non-resident External Rupees account (NRE) term deposits was reduced, as in the context of stable dollar-Rupee rate it was necessary to review the deposit rates no NER accounts. The lending rates of commercial banks for credit limits over Rs. 2 lakhs have been dereguloted to reduce the element of prescription of interest rates by RBI and to give freedom to banks to fix the lending rates against the back-drop of emerging monetary scenarioe. The minimum lending rate is now replaced by the prime lending rate which is prescribed by individual tanks with the approval of their respective Board of Directors. For credit limits over Rs. 2 lakhs, most banks fixed a prime lending rate of 14.0 per cent. The interest rates are kept under continuing review and appropriate charges are made in accordance with the emerging development in the economy. Effective February 10, 1995 the maximum deposit rate has been raised from 'not exceeding 10.0 per cent per annum' to 'not exceeding 11,0 per cent per annum'. Following the above hike in the maximum term deposit rate by one per-centage point some banks have raised their prime lending rate from 14.0 per cent to 15.0 per annum.

(d) and (e) Reserve Bank of India (RBI) have reported that the mobilisation of deposits by banks would not be adversely effected by changes in interest rates. Representation was received by Reserve Bank of India (RBI) regarding lowering of deposit rate on savings account. However. Reserve Bank of India (RBI) have no proposal at present to revise the interest rate paid on savings deposit accounts.

Annual status report to policy holders

206. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Insurance Companies propose to institute a system of informing all policy holders a status report annually on their policies;

(b) if not, the reasons therefor; and

(c) the steps proposed to ensure more responsibility in Insurance Companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) The LIC have reported that in respect of ordinary policies, the status of the policy is conveyed to the policyholder alongwith the premium notice. In respect of the policies under Salary Savings Scheme the premium demand invoice sent to the employer indicates the status of the policy.

(c) The Malhotra Committee has given a report on reforms in the insurance sector which are under consideration.

Seizure of Hashish and other narcotics

207. SHRI SUSHIL KUMAR SAMBHAJIRAO SHINDE:
SHRIMATI VEENA VERMA:

Will the Minister of FINANCE be pleased to state:

(a) whether enormous seizure of Hashish and other narcotics have been made by the various security and enforcement agencies during the past four months;

(b) if so, the details thereof and

(c) the steps taken to combat the Narcotics menace?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) As per information available, the quantity of hashish and other narcotic drugs seized during the last four months (from October, 1994 to January, 1995) is given as under:

S. No.	Drugs	Qty. seized (in Kg.) Provisional
1.	Hashish . .	2896
2.	Ganja .	81290
3.	Heroin . .	413
4.	Opium . .	843
5.	Morphine .	12
6.	Methaqualone	13444

(c) Instructions have been issued to all the enforcement agencies to maintain utmost vigil and step up enforcement efforts under the stringent provisions contained in NDPS Act. Training is being imparted to officers to improve their effectiveness. Vehicles and communication equipments have been provided. A part of Indo-Pak border has been fenced. BSF and Coast Guards, who are deployed on land and coastal borders have been vested with the powers under the Customs Act to interdict narcotics drugs on the border in addition to the Central and State Government enforcement agencies empowered under the NDPS Act.

Ceiling imposed on foreign investors

208. SHRI K. M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received requests from certain quarters to reduce ceiling on investment imposed on foreign institutional investors;

(b) if so, the details thereof.

(c) whether these requests claim that such reduction will bring down impact on India's foreign exchange reserves;

(d) whether these requests also urge upon Government to encourage Foreign Direct Investment to fill resource gap in infrastructural sectors like power and telecom;

(e) if so, the details thereof;

(f) whether Government propose to take some decision on these requests; and

(g) if so, the details thereof, and if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (g) These issues were the subject matter discussions in the interactive meeting organised by Federation of Indian Chambers of Commerce and Industry (FICCI) during the visit of Russel 20-20, an informal Group of International Financial Organisations. No revision in the existing ceilings on Foreign Institutional Investors' holdings in individual Companies is however, being contemplated by the Government.